



NAPEBT

Serving Those Who Serve the Public

NAPEBT Finance Committee - Minutes

March 12, 2018

Minutes

1. Approve February minutes - **approved**
2. Monthly Financial Statement Review – **Lori & Garrett shared the January financial statements electronically and reviewed the dash board with the committee. There were no further questions.**
3. Reserve policy – **Reviewed the draft language and additional language sent by Mike Townsend. The new language and new examples will replace the current example section. The draft language will be presented to the NAPEBT Board for discussion and input at the March meeting and for approval at the April meeting.**

Reserve Policy.

The Trustees have the exclusive authority and responsibility to determine the appropriate amount of funds that the Trust should hold in reserve. The Trust records a liability for incurred but not reported claims and maintains aggregate stop loss insurance to protect against unusually large claims. The goal of the reserve policy is to smooth out premium increases and therefore, the Trustees establish the targeted claim reserve in the amount needed to pay 3.5 months' claims or 29%.

1. The minimum and maximum claim reserve amounts are three (3) months (25%) or four (4) months (33%), respectively.
2. To provide flexibility in adjusting for variances in reserves, the Trustees establish the goal of a three to five-year amortization period to maintain the targeted reserve amount. In other words, larger variances from the targeted midpoint will require accelerated adjustments to the projected annual premium increases as explained in the following scenarios:
 - a. **Reserves above the maximum of 4 months or 33%:
Amortize the amount above the max of 4 months or 33% over a 3 to 5-year open amortization period.**

Present or on phone:

- Scott Walmer, FUSD
- Jami Van Ess, CCC
- Siri Mullaney, CCC
- Mike Townsend, Coconino County
- Bonny Lynn, Coconino County (phone)
- Lori Jundt, Ashton Tiffany
- Garrett Mahoney, Ashton Tiffany
- Nura Patani, Segal
- Lauree Battice, NAIPTA

Not present:

- Rick Tadder, City of Flagstaff
- Shannon Anderson, City of Flagstaff
- Ginger Wischmann, FUSD
- Jeanie Confer, Accommodation
- Amy Girardo, Segal

- b. **Reserves above the targeted mid-point up to the maximum of 4 months or 33%:
Amortize the amount above the targeted mid-point over a 5-year open amortization period or 20% of the excess per year.**
 - c. **Reserves at the mid-point:
No amortization.**
 - d. **Reserves below the targeted mid-point down to the minimum of 3 months or 25%:
Amortize this amount over no more than 3 years using a closed amortization period. If additional losses occur, each new amount would create a new 3-year closed amortization schedule. The layers of amortization amounts would be cumulative. If gains were to reduce the need for any portion of this amortization, the most recent year would be reduced first.**
 - e. **Reserves below the minimum of 3 months or 25%:
Amortize this amount over no more than 3 years using a closed amortization period.**
4. **Check-in on budget - Nura confirmed that the corrections have been made and she will send the final adopted budget to the committee members.**
 5. **Check-in on audit – Auditors, Clifton Larsen, sent PBC list to Lori and Garrett**
 6. **Investment policy – Jami will send draft policy dated July 19, 2016 with tracked changes to the group. The committee will need to determine liquidity requirements.**
 7. **Calendar - table**
 8. **Next Meeting - April 9th, 11:00 am.**